

The Director of Central Intelligence

Washington, D.C. 20505

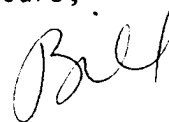
7 May 1986

The Vice President
274 Old Executive Office Building
Washington, D. C. 20500

Dear George:

Here is another development about which
you know for your meetings in San Jose.

Yours,

A handwritten signature in cursive script, appearing to read "Bill", written in dark ink.

William J. Casey

DCI Talking Paper
Nicaragua/Honduras: Escalation of Hostilities
7 May 1986

Sandinista reinforcement of the border with Honduras, and new cross-border operations, aim at raising the cost to the Honduran Government of support to the rebels and increasing pressure for a bilateral border settlement similar to the one being negotiated with Costa Rica. If attacks continue, the Honduran Government could be forced to protect its sovereignty or accede to Nicaraguan objectives.

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--Without rapid and organized Honduran Government preparations for larger operations by the Sandinistas across the border, the Sandinistas could score some successes against the insurgents and their supply lines and severely embarrass the Hondurans.

Continued hostile activity along the border increases the potential for Sandinista forces to fire on US military personnel in Honduras.